

The background of the entire image is a photograph of the U.S. Capitol dome in Washington, D.C., under a clear blue sky. The dome's white marble structure, including its columns and ornate details, is visible on the left side of the frame.

IFA 2012

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*September 10-11, 2012  
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# What Does the Health Care Law Mean to Your Business?

**David Barr**

Chairman, PMTD Restaurants LLC (franchisee)

Chairman, Don Pablo's (franchisor)

Board Member, Mrs. Fields and TCBY (franchisor)

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# Impact of ACA: An example of one small business

*PMTD Restaurants LLC – 23 KFC/Taco Bells/KT's*

|                       | Total | Currently Eligible Pre-ACA | Currently Enrolled Pre-ACA |
|-----------------------|-------|----------------------------|----------------------------|
| # of active employees | 412   | 36                         | 30                         |
| # of full time        | 109   | 36                         | 30                         |
| # of part-time        | 303   | 0                          | 0                          |



Under most plans in U.S., the cost of insurance per employee is high  
*(This is pre-ACA – current rates)*

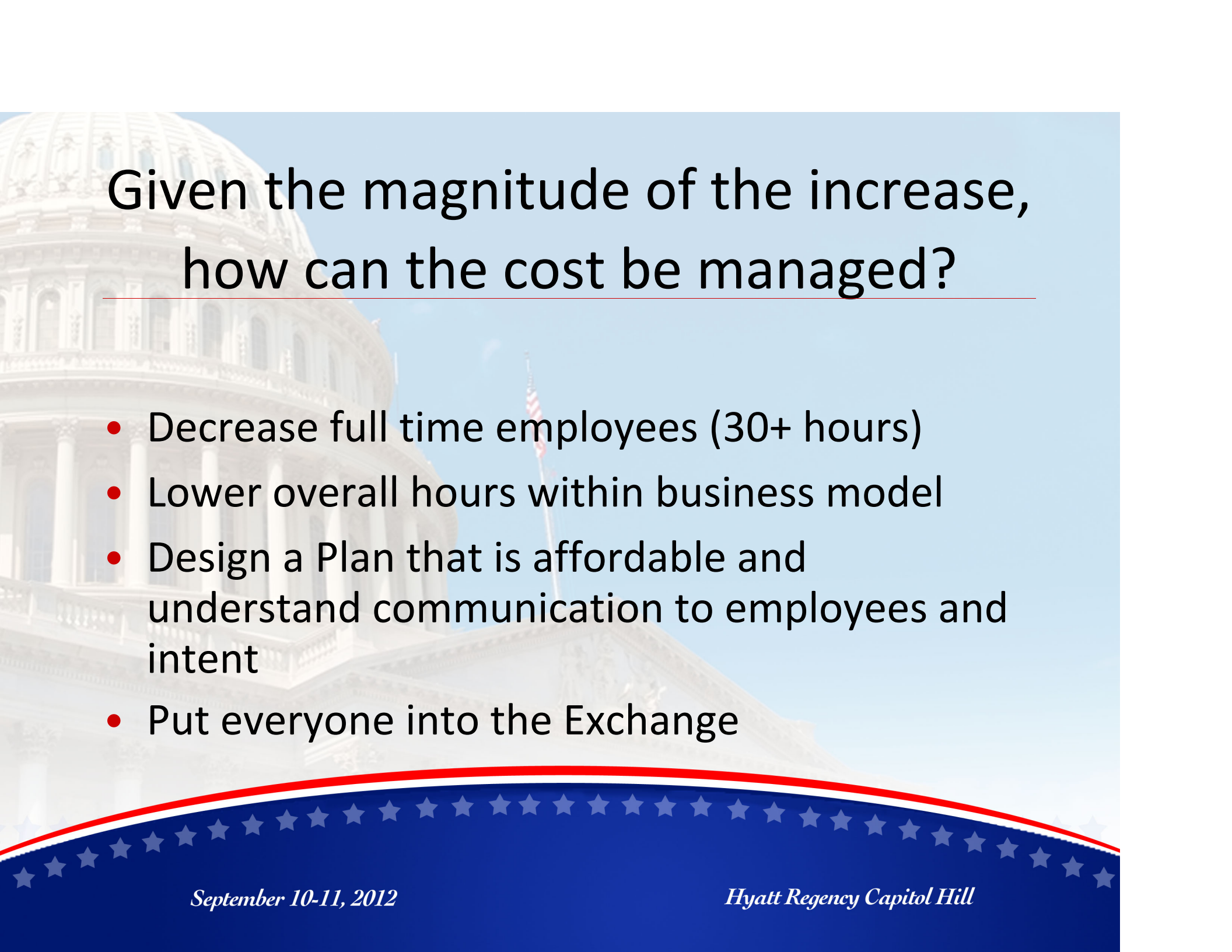
|                           | Employee Only | Family Coverage |
|---------------------------|---------------|-----------------|
| Annual premium            | \$5,028       | \$12,612        |
| Paid by Employer          |               |                 |
| - \$                      | \$4,073       | \$4,349         |
| - %                       | 81%           | 34%             |
| Total \$ paid by Employer | \$129,000     |                 |



# ACA will increase insurance cost to Employer

|  | Total \$<br>Paid by<br>Employer |
|--|---------------------------------|
| Currently pre-ACA                            | \$129,000                       |
| Estimate under ACA with no<br>change to plan | \$444,000                       |

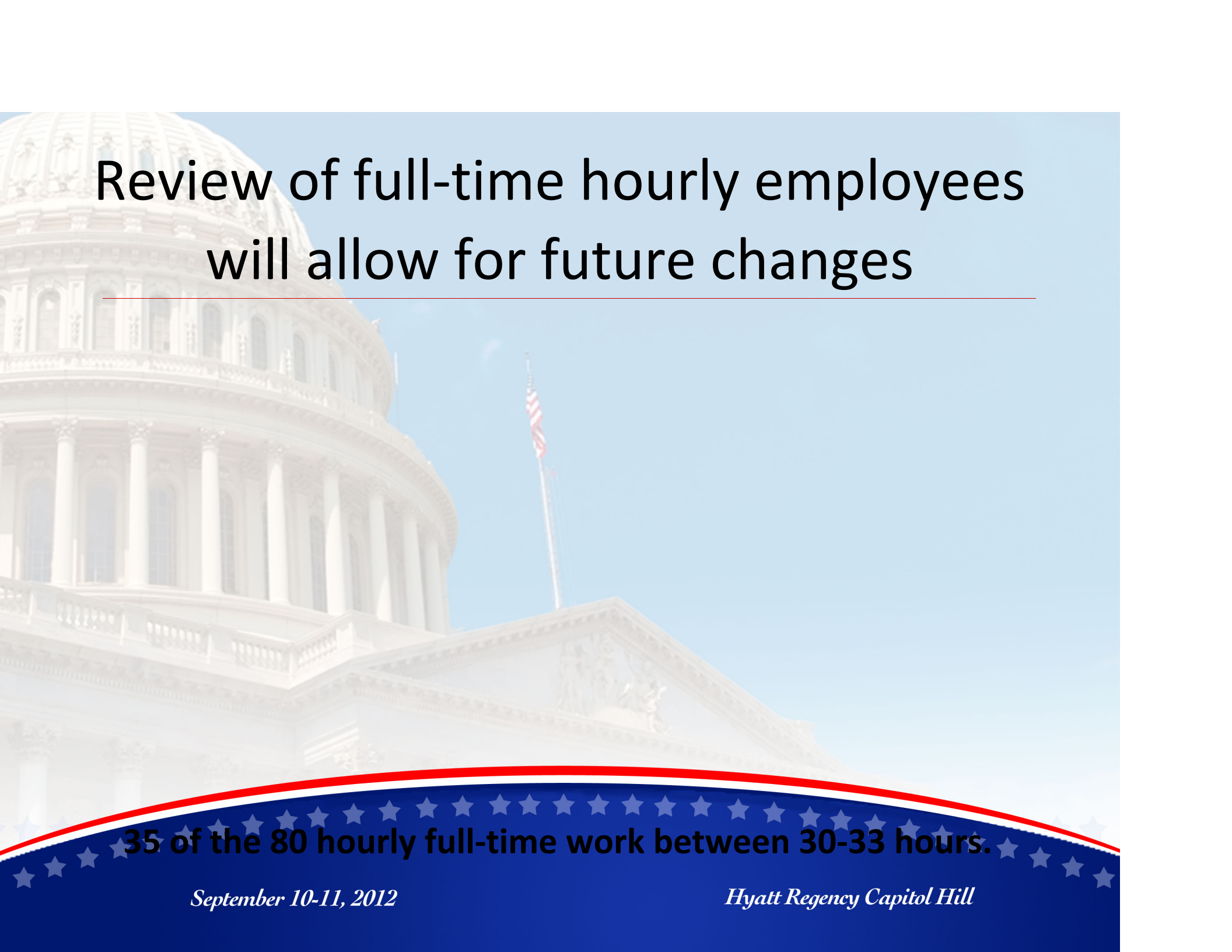
***This approx. \$300,000 increase represents 1.5% of sales***



# Given the magnitude of the increase, how can the cost be managed?

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- Decrease full time employees (30+ hours)
- Lower overall hours within business model
- Design a Plan that is affordable and understand communication to employees and intent
- Put everyone into the Exchange



# Review of full-time hourly employees will allow for future changes

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35 of the 80 hourly full-time work between 30-33 hours.

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# Business models will also have to be considered

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- Capital expenditures that limit hours of employees
- Outsourcing and subcontracting
- Selling of stores and franchising

# PMTD's Plan currently qualifies as affordable to Employees

|                  | Employee Only | Family Coverage |
|------------------|---------------|-----------------|
| Annual premium   | \$5,028       | \$12,612        |
| Paid by Employer |               |                 |
| - \$             | \$4,073       | \$4,349         |
| - %              | 81%           | 34%             |
| Paid by Employee | \$955         | \$8,263         |

*By paying enough of the premiums, currently PMTD's plan is deemed affordable (less than 9.5% of employees pay) to its employees. So, all full time employees make at least \$10,000 per year.*

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If cannot otherwise lower expense then  
Employers may resort to the Exchange

|  | Total \$<br>Paid by<br>Employer |
|--|---------------------------------|
| Currently pre-ACA                            | \$129,000                       |
| Estimate under ACA with no<br>change to Plan | \$444,000                       |
| Everyone goes into the Exchange              | \$158,000                       |

*Exchange is calculated as 109 employees less exemption for  
30 full time employees times \$2,000 per employee*